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Notes from Dr. Fin Larson Address
to ICAF 15 March 1967

OSD Declassification/Release Instructions on File

The FY 68 budget for DoD is estimated at 7.5 billion. DDR&E would like to ask Congress for this, but the Comptroller has convinced McNamara to request 7.25 billion, assuming that there will be .25 billion unspent in the current budget.

John Rubel had told Larson that he figured about 40% of DoD's R&D budget went for overruns. Larson is not sure but there has been a significant improvement.

Eleven DoD programs get 35% of the R&D budget.

Larson estimates that planning for about 20% of the line items are changed in a major way in the interval between program preparation in December and the beginning of the fiscal year 6 - 7 months later.

The R&D budget is split about 66% to industry, 24% to the government laboratories, 9% to universities, and 1% to international programs.

Larson is convinced that government laboratories cannot do production: he believes that they should clearly demonstrate feasibility. In some instances operating models may be built, although obviously this cannot be done for major items such as aircraft, etc. Only industry do production design and produce operational equipment effectively.

Larson strongly recommended that ICAF graduates avoid what he considers to be a most common management fault, i. e. , taking equipment out of the government laboratory and asking for Chinese copies from industry of what the laboratory has produced. Having shown feasibility, what should be requested is equipment against an operational specification rather than a detailed design. He cited WALLEYE as a current horrible example.

Larson discussed at some length several times the reorientation of the government laboratories to a mission-oriented basis, e. g. , like Huntsville. He said 23 Navy laboratories are currently engaged in ASW work, for example, but that NOTS will soon pick up this entire responsibility on a mission-oriented basis. At the same time, he is completely opposed to a laboratory system working directly out of DoD and divorced from the military departments.

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Foster and Larson are less attracted to incentive contracting than their predecessors, and Larson feels that they are useful and effective only in engineering and operational development, and have no place in basic research, applied research, etc.

Larson sees no decision to go operational with an anti-ICBM system this year.

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MEMORANDUM FOR:

Carl -
Note especially the
last item. - I can 'expand'
any of these in which you'd
like more detail -

Ray

(DATE)

FORM NO. 101 REPLACES FORM 10-101
1 AUG 54 WHICH MAY BE USED.

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